

The Extended Nature of Trading Norms Between Cryptocurrency and Crypto-asset: Evidence from Indonesia and Japan

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Abstract

This article is evidently about the comparison between Indonesia and Japan and their views on Crypto as a commodity. It starts with a brief elaboration on the legal standing of cryptocurrency in Indonesia and Japan. In Indonesia, Cryptocurrency is legal only as a commodity as the Ministry of Trade Regulation No. 99 of 2018 formally authorized crypto asset trading and decreed it lawful. The Indonesian Commodity Futures Trading Supervisory Authority, or BAPPEBTI, published Regulation No. 5 of 2019 to provide a thorough regulatory framework for the crypto-assets future. In Japan, there is no omnibus law regulating blockchain based coins and the legal status of tokens are determined under the uses and functions. News outlets report that there may be in talks of a law of the possibility of the seizure of crypto that has been stolen or has been illegally acquired by organized crime due to the law of the type of assets that can be seized are physical property, monetary claims, and movable assets such as machinery, vehicles, tools, and supplies, with crypto falling under none of those categories. The conclusions are, first, Indonesia has vastly

improved its Cryptocurrency regulations with BAPPEBTI's Regulation No. 8 of 2021. with the implementation of (a) licensing requirements; (b) rights and obligations; and (c) the responsibilities of key players involved in the physical crypto-asset market, such as futures exchanges, crypto asset traders, futures clearing agencies, and crypto-asset storage providers. Second, Indonesia's regulations almost mirror itself with Japan's behavior towards crypto, with differences only arising in the specific percentages of storage, equity, and infrastructure.

KEYWORDS *Commodity, Cryptocurrency Laws, Cryptocurrency Trading, Legal Comparison*

Introduction

In the current digital revolution, we are all experiencing the presence of technological advancements being adopted that cannot be denied by anyone. This is especially true in the digital economy sector, with people utilizing technology for payments, mimicking or evolving the landscape of the world's digital economy. This point is most prevalent especially with the rise of cryptocurrencies. We can consider cryptocurrency as a form of digital medium exchange, based on principles of cryptography allowing performance of secure, decentralized and distributed economic transactions.¹ Essentially, a virtual currency that can be transferred back and forth without any middle intermediary between users using peer-to-peer (P2P) blockchain technology, they operate without the conventional banking structure and involved no banks, credit cards or other third parties.

The Indonesian Future Trading Regulatory Agency ("BAPPEBTI") under the Indonesian Ministry of Trade issued BAPPEBTI Regulation No. 5 of 2019 concerning Technical Text for the implementation of the "Physical Market for Crypto Asset in the Futures Exchange".² Prior to the enactment of the given BAPPEBTI's regulation, whilst Bank Indonesia has already established a prior definition of "Cryptocurrency" as a virtual currency and specifically distinct it as "digital money issued by a party other than the monetary authority obtained by way of mining, purchase or transfer of reward and includes Bitcoin,

¹ S. Abramova, M., Dubova, S., and Krivoruchko, *Marxism and Digital Money as a New Reality of Social and Economic System*. (New York: Information Age Publishing Inc., 2020).

² BAPPEBTI, "Peraturan Badan Pengawas Perdagangan Berjangka Komoditi Nomor 5 Tahun 2019" (2019).

Blackcoin, Dash Dogecoin, Litecoin, Nxt, Peercoin, Primecoin, Ripple, and Ven”. 10 years after the release of cryptocurrency to the public, Indonesia has finally joined the global trends in setting their national legal policy in accommodating the cryptocurrency ecosystem. Despite strong warnings from the Government and the lack of regulation and safety, the number of cryptocurrency users in Indonesia still spiked off the chart.

Following the release of the BAPPEBTI’s Regulation, that became the umbrella law for cryptocurrency market in Indonesia, it is followed by another addition of crypto regulation, the BAPPEBTI’s Regulation No. of 2020 concerning “Establishment of List of crypto assets that can be Traded in the Crypto Asset Physical Market”. Which contains an official list of approved crypto assets and clarification of specific guidelines and criterion required for types of cryptocurrencies - if they were wanted to be approved by BAPPEBTI to be traded in Indonesia.³

In Indonesia, cryptocurrency is put and regulated in the same category as a commodity that can be traded in the crypto assets physical market based on the Trade Ministry Regulation No. 99 of 2018 concerning “General Policy for the Implementation of Crypto Asset Futures Trading”. Even though it is legal to be traded, any kind of crypto assets or crypto currency is strictly prohibited by the Indonesian Government according to Article 23B of the country’s constitution, and the currency legislation of 2011 mandates that nearly all financial transactions in Indonesia be conducted in Rupiah, the country’s only recognized currency As Indonesian Rupiah is the only recognize currencies in Indonesia, for the society to use. Despite the high demand of cryptocurrency users in Indonesia. Indonesia is still lacking on clear Regulations that guarantees the safety and development of cryptocurrency realm in the country, especially the enforcement of it. Taking into example, in 2018 the Central Bank of Indonesia (Bank Indonesia) conduct an investigation due to the increase of cryptocurrency transactions as a payment tool that being carried out in Bali, even though it is clear that cryptocurrency is not legalized to be used as a corruption case are hiding their proceeds of their crimes through payment tool in Indonesia.⁴ Moreover, in 2021 three suspects in a cryptocurrency transaction

³ Bappebti, “Peraturan Badan Pengawas Perdagangan Berjangka Komoditi Nomor 7 Tahun 2020 Tentang Penetapan Daftar Aset Kripto Yang Dapat Diperdagangkan Di Pasar Fisik Aset Kripto,” *Bappebti*, 2020, http://bappebti.go.id/resources/docs/peraturan/sk_kep_kepala_bappebti/sk_kep_kepala_bappebti_2020_12_01_i6tg8tfb_id.pdf.

⁴ Jeko I.R, “Transaksi Bitcoin Marak Di Bali, BI Lakukan Investigasi,” *Www.Liputan6.Com/Tekno/Read/3231909/Transaksi-Bitcoin-Marak-Di-Bali-Bi-Lakukan-Investigasi*, 2018, www.liputan6.com/tekno/read/3231909/transaksi-bitcoin-

of bitcoin⁵ becomes a vessel for money laundering. Cryptocurrency essentially becomes a vessel for money laundering.

Despite the effort of establishing a national policy concerning cryptocurrency, there is still a lack of a clear essence in the policy concerning how to specifically regulate the given market and to legally provide protection of all the various parties that are involved. To further understand the issue, first we must take a step back and look at the way Indonesia's format their policies that seems to illustrate their doubt whether the cryptocurrencies' role can contribute to the national financial stability and economic growth in the long run.

According to this conviction, Indonesia should be wise in making decisions including determining policies by considering the advantages and disadvantages of cryptocurrency. In search of these policies, it would be best to look at Japan as Digital innovation is ingrained in the psyche of Japan. This has made the Land of the Rising Sun a perfect incubator for the exponential growth in the value and popularity of cryptocurrencies over the last decade. For example, Japan was the first country in the world to legally define "virtual currency".⁶ Japan also requires exchanges to be licensed as crypto asset service providers (previously called virtual currency exchange platforms) to offer crypto-related services to Japanese residents.

Additionally, it also helps that both regulators and their crypto industry have taken past mistakes in their stride and are pulling in the same direction towards the promised land of mass adoption.⁷

marak-di-bali-bi-lakukan-investigasi. See also Yazid Bustomi, "State Responsibility to Protecting Crypto Assets Customers." *Unnes Law Journal* 9, no. 1 (2023): 205-220; Muttaqim Apriliani, "Analysis of The Probability of Money Laundering Crimes toward the Development of Crypto-currency Regulations in Indonesia." *Indonesian Journal of Criminal Law Studies* 4, no. 1 (2019): 29-40.

⁵ Nicholas Ryan Aditya, "Tersangka Kasus Asabri Cuci Uang Lewat Bitcoin, PPATK: Modus Baru TPPU," <https://Nasional.Kompas.Com/Read/2021/04/22/10341781/Tersangka-Kasus-Asabri-Cuci-Uang-Lewat-Bitcoin-Ppatk-Modus-Baru-Tppu?Page=all>, 2021.I.R, "Transaksi Bitcoin Marak Di Bali, BI Lakukan Investigasi." See also Septian Eka Adiyatma, and Dhita Fitria Maharani. "Cryptocurrency's Control in the Misuse of Money Laundering Acts as an Effort to Maintain the Resilience and Security of the State." *Lex Scientia Law Review* 4, no. 1 (2020): 70-82.

⁶ E Mosakova, "Japanese Cryptocurrency Market: History And Present," *Ekonomika I Upravlenie: Problemy, Resheniya* 2 (2020): 90-95,

⁷ International Financial Systems, "Program on International Financial Systems A Review of Cryptoasset Market Structure and Regulation in the United States," 2023.

While the authors understand and acknowledges that both Indonesia and Japan have a different set of legal system, but nevertheless their stance on cryptocurrency is somewhat similar; regulating cryptocurrencies as a commodity that can be traded whilst banning the use of cryptocurrency as their legal tender.⁸ Through the comparison, the comparative method will help Indonesia to develop it laws and regulation towards cryptocurrency technology and further access the way authority's institution enforced their given laws in protecting their citizen who uses cryptocurrency technology.

Regarding the topic of this article, the authors will discuss the following formulation of issues: What is the nature of Cryptocurrency in Indonesia? How is the legal comparison of the Cryptocurrency trading regulatory enforcement in Indonesia and Japan? The Authors' purpose of writing this article is to answer the formulation of issues stipulated above, namely, to know how Cryptocurrency is regulated under Indonesian legal system. The authors hope that the reader will gain a thorough understanding of Cryptocurrency's legal status in Indonesian law, specifically Regulation of the Commodity Futures Trading Regulatory Agency BAPPEBTI's No. 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market for Crypto Assets in the Futures Exchange. Considering the disparities, the authors expect that this study will highlight a lack of focus in national policy on how to precisely manage the Cryptocurrency market in Indonesia as an investment, as opposed to Japan.

In practice, the authors hope that this research will help the government continue to develop and improve national policies to create legal certainty in the Cryptocurrency market in Indonesia, which will essentially lead to the possibility of using Cryptocurrency as a future payment in Indonesia.⁹

This article will utilize normative legal research, where principles, regulations, legal literature, and laws are used to help answering the two formulation of issues that are stipulated in this article. The authors chose to use the normative legal research, as this article relies on the existing laws of both Indonesia and Japan concerning Cryptocurrency trading which aims to evaluate

⁸ Hiroshi Fujiki, "Journal of The Japanese and International Economies Who Adopts Crypto Assets in Japan? Evidence from the 2019 Financial Literacy Survey," *Journal of The Japanese and International Economies* 58, no. September (2020): 101107, <https://doi.org/10.1016/j.jjie.2020.101107>.

⁹ Giovanni Maria Nori and Matteo Girolametti, *Blockchain and Private International Law*, Internatio (Leiden: Brill Nijhoff, 2023), <https://doi.org/10.1163/9789004514850>. See also Duhita Driyah Suprpti, Nurul Fibrianti, and Anggun Meinanda Maharani. "Increasing Public Understanding of the Prevention and Complaints of Fraudulent Investments." *Indonesian Journal of Advocacy and Legal Services* 4, no. 2 (2022): 295-314.

and compare the quality of the legal norms in the given realm also known as qualitative data research. This given article will apply neither the empirical nor the normative-empirical legal research.

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In Japan, news outlet reports that there maybe talks of a law of the possibility of the seizure of crypto that has been stolen or has been illegally acquired by organized crime due to the law of the type of assets that can be seized are physical property, monetary claims, and movable assets such as machinery, vehicles, tools, and supplies, with crypto falling under none of those categories.¹⁰

The Nature of Cryptocurrency in Indonesia

Long before the first cryptocurrency regulation in Indonesia was adopted in 2018, there were a huge number of users in Indonesia trading crypto assets with no legal clarity, clear regulation, or official supervision. Despite the Indonesian government's lack of instructions and warnings, the number of cryptocurrency users in Indonesia has increased, compelling the Indonesian government to comply with the demand and pass legislation to control the legal vacuum that existed over bitcoin. Since then, Indonesia has made a concerted effort to accommodate the bitcoin community by establishing a slew of rules and regulations.¹¹

First, we must accept the status quo as it is. As was stated in the opening section of this article, the current state of cryptocurrency in Indonesia fits within the category of commodities. It effectively indicates that neither all crypto assets nor cryptocurrency are permitted to be traded in accordance with Article 1(2) of Law No. 10 of 2011, "An Act to Amend Law No. 32 of 1997 Concerning

¹⁰ Nori and Girolametti.

¹¹ Soonpeel Edgar, "Legal Status of Cryptocurrency in Indonesia and Legal Analysis of the Business Activities in Terms of Cryptocurrency," *Brawijaya Law Journal* 6, no. 1 (2019): 76–93, <https://doi.org/http://dx.doi.org/10.21776/ub.blj.2019.006.01.06>.

Commodity Futures Trading." Article 1 of Republic of Indonesia Minister of Trade Regulation No. 99 of 2018 concerning "General Policy for the Implementation of Crypto Asset Futures Trading" stated that cryptocurrency assets are defined as commodities that can be subjected to futures contracts traded on the Futures Exchange, establishing cryptocurrency as a commodity that can be traded. Additionally, the Minister of Trade Regulation emphasized the distinction between crypto assets and cryptocurrencies, whereas cryptocurrencies are a subdivision of crypto assets while not all crypto assets can be classified as a cryptocurrency.

Moreover, while cryptocurrency is classified under the realm of commodity that can be traded legally in Indonesia. It is also important for us to remember that cryptocurrency is not a valid legal tender in Indonesia, which cannot be used as a payment system in Indonesia. Article 1(2) of Law No. 7 of 2011 concerning Currency stated that currency is money that is issued by the Government of Indonesia, and that the official payment toll that is used in Indonesia is only Rupiah. Article 21(1) of the Law No. 7 of 2011 concerning Currency stated that Rupiah must be used in every transaction that has a payment purpose, settlement on obligations that must be met with money, and other transactions that are used in the territory of the Republic of Indonesia. Hence, cryptocurrency cannot be used as a payment system in Indonesia as they are not an official currency that is issued by the Government.¹² Thus, we can derive that despite being banned as a legal tender – the only legal purpose of cryptocurrency in Indonesia - is to be traded.¹³ In this part of the article, the authors will solemnly focus on the cryptocurrency trading in Indonesia – and not as a payment system.

Since 2018, the Indonesian Government has enacted several regulations that become a set guideline of cryptocurrency trading mechanisms, arraying from;

1. Ministry of Trade Regulation No. 99 of 2018 concerning "General Policy for Future Trading Crypto Asset".
2. BAPPEBTI's Regulation No. 5 of 2019 concerning "Technical Provision on Implementation of Physical Market of Crypto Asset in Futures Exchange", which has been amended three times in the time where this article is written.

¹² Law Library, "Regulation of Cryptocurrency Around the World: November 2021 Update," vol. 5080, 2021.

¹³ Septhian Eka Adiyatma and Dhita Fitria Maharani, "Cryptocurrency's Control in the Misuse of Money Laundering Acts as an Effort to Maintain the Resilience and Security of the State," *Lex Scientia Law Review* 4, no. 1 (2020): 75–88, <https://doi.org/10.15294/lesrev.v4i1.38257>.

3. BAPPEBTI's Regulation No. 7 of 2020 concerning "The Establishment of List of Crypto Assets that Can be Traded in Crypto Asset Physical Market".
4. BAPPEBTI's Regulation No. 8 of 2021 concerning "Guidelines for the Operation of Physical Crypto-asset Markets in Futures Exchanges".
5. Other Supporting Regulations

The regulations that will be discussed above are mainly issued by the Commodity Futures Trading Regulatory Agency and other prominent institutions. It will be further dissected and discussed in the section below, through looking at the written laws and how it is regulated in Indonesia.

BAPPEBTI's Regulation No. 5 of 2019 concerning "Technical Provision on Implementation of Physical Market of Crypto Asset in Futures Exchange" was enacted or even promulgated, the Indonesian Government was having doubts concerning the existence of cryptocurrency nor cryptocurrency trading itself. Since the existence of cryptocurrency - roughly around 2009 and 2010, Indonesia has only enacted the specialized law nine years after. In that period of time, there has been no clear regulation nor a safety net for the cryptocurrency users in Indonesia. Despite the vacuum of law, cryptocurrency technology is still used and prevail in that period which pushes the Indonesian Government to ditch their agenda and join in the cryptocurrency trend and start regulating it.¹⁴

The specialized law that Indonesia's Government enacted concerning cryptocurrency trading can be referred to BAPPEBTI's Regulation No. 5 of 2019 concerning "Technical Provision on Implementation of Physical Market of Crypto Asset in Futures Exchange". It is the first specialized law that is regulated only for the means of cryptocurrency trading in Indonesia. It is enacted on 8 February 2019 by the Head of BAPPEBTI in Jakarta. The given law was issued by Commodity Futures Trading Regulatory Agency (BAPPEBTI) in 2019 following the enactment of Ministry of Trade Regulation No.99 of 2018 concerning the "General Policy for Future Trading of Crypto Asset". Following this however, on 29 October BAPPEBTI issued BAPPEBTI Regulation No. 8 of 2021 on Guidelines for the Operation of Physical Crypto-asset Markets in Futures Exchanges, which focuses on crypto-asset trading and supervision, revokes BAPPEBTI Regulation No. 5 of 2019 (as amended by BAPPEBTI Regulation No. 3 of 2020).¹⁵

¹⁴ Indonesia Crypto Network Asosiasi Blockchain Indonesia and Indodax, "Indonesia Crypto Outlook Report," <https://asosiasiblockchain.co.id/>, n.d., <https://asosiasiblockchain.co.id/>.

¹⁵ Supervisory Body on Commodity Futures Trading, "Regulations of Supervisory Body on Commodity Futures Trading Number 8 Year 2021," 2021..

The most significant changes introduced by this regulation relate to (a) licensing requirements; (b) rights and obligations; and (c) the responsibilities of key players involved in the physical crypto-asset market, such as futures exchanges, crypto asset traders, futures clearing agencies, and crypto-asset storage providers. In addition, it also establishes a tighter regulatory framework for trading mechanisms and governance than was previously the case. In this section, the authors will confine this part to the crypto-asset trading requirements and the rules governing the licensing of crypto-asset traders that are set out in this regulation.

Firstly, Crypto assets may only be traded if they are approved by BAPPEBTI and listed in relevant BAPPEBTI regulations (e.g., BAPPEBTI Regulation No. 7 of 2020 on the Schedule of Tradable Crypto Assets on the Physical Crypto-asset Market). It sets out a number of specific criteria for market-tradable crypto assets. They must:

1. be based on distributed ledger technology;
2. be asset-backed or utility-based;
3. have been assessed via an analytical hierarchy process implemented by BAPPEBTI that takes into consideration:
 - a. crypto asset market capitalization value (coin market cap);
 - b. participation in major international crypto asset transactions;
 - c. the economic benefits that accrue, such as taxable potential, growth of the digital economy, development of the IT industry, and enhancing individual competencies in the IT industry (“digital talent”); and
 - d. crypto-asset risk assessment, including the risk of money laundering and terrorism financing.

BAPPEBTI regulation also defines Crypto Asset Traders as parties that have been approved by BAPPEBTI to conduct transactions involving crypto-assets, either on behalf of clients or themselves. When seeking BAPPEBTI approval, a prospective crypto-asset trader must satisfy the following requirements:

TABLE 1. A Crypto-asset Trader Legal Requirements

Minimum Paid-up Capital	IDR 80 billion (approx. USD 5.5 million)
Maintained Equity	IDR 64 billion (approx. USD 4.5 million)
Other Requirements	<ul style="list-style-type: none"> • A minimum of one employee is a certified information systems security professional (CISSP) or (ii) cooperation with an institution that has such employees or (iii) cooperation directly with a CISSP-certified person.

	<ul style="list-style-type: none"> • The boards of directors and commissioners, shareholders, and controller/beneficial owner of the company must undergo a fit and proper test conducted by BAPPEBTI. • BAPPEBTI approval is required for a change in management composition, address, name of the company, shareholding composition, system, trading rules, and other changes, including the opening of a branch office. • Prohibition on engaging in any business other than as a physical commodity trader (single-purpose company).
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Furthermore, until such time as a futures exchange or futures clearing agency has been licensed by BAPPEBTI, what this regulation refers to as “prospective crypto-asset traders” (i.e., prima facie candidates for crypto-asset trader’s licenses) may continue to carry on activities that fall within the scope of crypto-asset trading, provided that the undertaking in question has applied to BAPPEBTI for registration as a prospective crypto-asset trader and the following requirements are complied with:

TABLE 2. The Scope of Crypto-asset Trading

Minimum Paid-up Capital	IDR 50 billion (approx. USD 3.5 million)
Maintained Equity	IDR 40 billion (approx. USD 2.8 million)
Other Requirements	<ul style="list-style-type: none"> • Deed of establishment of the undertaking and identity cards of key executives; • Brief description of organizational structure, as well as duties and responsibilities, products, business processes, rules, and code of conduct; • Evidence of registration of electronic system with Ministry of Communications and Informatics; Business plan and financial projection for next 24 months.

Registration with BAPPEBTI as a prospective crypto-asset trader will remain valid until such time as BAPPEBTI officially licenses a futures exchange(s) and a futures clearing agency(s) to operate in the Indonesian market. When this happens, existing prospective crypto-asset traders must convert their registrations into crypto-asset trader licenses by submitting an application within one month of a futures exchange and a futures clearing agency being licensed by BAPPEBTI.¹⁶ Further, a prospective crypto-asset trader must also fully comply with all of the requirements for a crypto-asset

¹⁶ Edgar, “Legal Status of Cryptocurrency in Indonesia and Legal Analysis of the Business Activities in Terms of Cryptocurrency.”

trader's license within one year of the application for a crypto-asset trader license being submitted to BAPPEBTI.

This regulation is a commendable attempt by BAPPEBTI to improve and promote the Indonesian crypto-asset market. It seeks to (a) provide clear ground rules for crypto-asset market participants without inhibiting digital entrepreneurship, and (b) safeguard a public that is fast transitioning from complete beginners to astute investors with a rising hunger for participation in the crypto-asset market.

Not only have no licenses for futures exchanges, futures clearing agencies, or crypto-asset storage providers been awarded in Indonesia to date (as previously stated), but applications appear to be few and few between. This might be owing to the onerous financial thresholds imposed on prospective investors in the form of minimum paid-up capital and retained equity requirements.

After the enactment of BAPPEBTI's Regulation No. 5 of 2019 concerning "Technical Provision on Implementation of Physical Market of Crypto Asset in Futures Exchange" the Indonesia Government releases a supporting regulation to further support the development of the Cryptocurrency trading in Indonesia. BAPPEBTI's Regulation No. 7 of 2020 concerning "The Establishment of List of Crypto Assets that can be Traded in Crypto Asset Physical Market" was enacted on 17 December 2020 to become a supporting regulation concerning Crypto Asset Trading in Indonesia. The Government ensures a more reliable environment of playing field for the business entities as a physical merchant and the Crypto Assets customers. This given law only consists of six Articles and an attachment list of Guidelines for Determining Appropriate Crypto Assets Trade in the Physical market of Crypto Assets (*Pedoman Penetapan Aset Kripto yang Dapat Diperdagangkan di Pasar Fisik Aset Kripto*).

Article 1 of the given law established the Crypto Assets that are approved by the Head of BAPPEBTI that can be legally traded by prospective or approved Crypto Asset Physical Merchant. The Crypto Asset list that is published has been assessed to meet the requirements as a tradable asset in the physical market as regulated by the Head of BAPPEBTI. The requirements that needed to be met as mentioned before, consist of the General Guidelines for Crypto Assets Conformity Assessment (*Pedoman Umum Penilaian Kesesuaian aset Kripto*) and Technical Guidelines for the Implementation of Species Assessment (*Pedoman Teknis Pelaksanaan Penilaian Jenis Aset Kripto*) which contains general principles and criteria as listed on the attachment of this given law – which will be discussed later at this part of the article. Furthermore, this article also highlighted that those Merchants can propose an additional and/or subtraction

of types of Crypto Assets that can be traded, and then the Head of BAPPEBTI will give feedback no later than 10 (ten) working days.

Article 2 of the given law stipulates concerning the evaluation of all tradable Crypto Assets on the list, that will be carried by the Crypto Asset Futures Exchange and Crypto Asset Committee. The evaluation will be based upon the requirements and Guidelines of General Guidelines for Crypto Assets Conformity Assessment (*Pedoman Umum Penilaian Kesesuaian aset Kripto*) and Technical Guidelines for the Implementation of Species Assessment (*Pedoman Teknis Pelaksanaan Penilaian Jenis Aset Kripto*). In the case when after an evaluation, a given Crypto Assets is deemed to not meet the standard requirements, BAPPEBTI may remove the Crypto Assets from the Asset List that can be traded on the Crypto Assets Physical Market.

Moving on to Article 3, it is discussed in the case where a Merchant is still trading a certain type of Crypto Assets that have been revoked from the Tradable List of Crypto Assets must stop its trading activity no later than 30 (thirty) working days since the issuance from BAPPEBTI. The Merchant is obliged to give options to the Customers to liquidate the revoked Crypto Asset, transfer all the Assets to the Customer's Wallet. With those options, the Crypto Asset Physical Merchant is still responsible for storing the revoked Crypto Assets until their Customer withdraws the Crypto Assets. Lastly, Article 4, 5, and 6 of the given law further stipulates the authorized parties concerning previous Articles which will be done by BAPPEBTI and the business entities that work in the realm of Crypto Assets Realm.

In this given law, there are 2 (two) documents attached. The first attachment contains the (a) General Guidelines for Compatibility Assessment of Crypto Assets (*Pedoman Umum Penilaian Kesesuaian Aset Kripto*) and the (b) Technical Guidelines for Implementation of Assessment of Types of Crypto Assets that can be Traded in the Crypto Assets Physical Market (*Pedoman Teknis Pelaksanaan Penilaian Jenis Aset Kripto yang dapat Diperdagangkan di Pasar Fisik Aset Kripto*) and the second attachment consist of "List of Crypto Assets that can be Traded in the Crypto Assets Physical Market" (*Daftar Aset Kripto yang dapat Diperdagangkan di Pasar Fisik Aset Kripto*).

The General Guidelines for Compatibility Assessment of Crypto Assets consists of the details of requirements that need to be met by the Crypto Asset to be approved by BAPPEBTI. This process must be done, in aim to reach the implementation of trading that is orderly, fair, efficient, effective, transparent, and in the atmosphere of fair competition. BAPPEBTI, the Crypto Asset Committee, the Crypto Asset Futures Exchange and the Crypto Asset Physical Merchant will review the Crypto Assets using the structure from the Analytical

Hierarchy Process (AHP). Furthermore, in ensuring the Guidelines to reach its aim, the Crypto Asset Physical Merchant shall:

1. Developing a standard operating procedure for monitoring and Crypto Asset Trading evaluation.
2. Actively monitor and assess the trading of Crypto Assets that is being facilitated by the Crypto Asset Physical Merchant independently.
3. Actively submit the related monitoring and assessment results of the Crypto Assets.
4. Do self-limitation if based on the assessment the trading that is done exceeds the risk criteria set by the Crypto Asset Physical Merchant.

Furthermore, in the Technical Guidelines for Implementation of Assessment of Types of Crypto Assets that can be Traded in the Crypto Assets Physical Market, it is stipulated the general principles, aims of regulations and criteria that needed to be met.

In the second attachment of the given law, there is a list of Crypto Assets that can legally be traded in the Indonesian Crypto Asset Physical Market. Based on 17 December 2020, there are 229 Crypto Assets that consist of neither Crypto Coins nor Tokens that can be legally traded. Arraying from Bitcoin, Ethereum, Tether, Litecoin and more.¹⁷ This list is subject to change as mentioned in the previous paragraph concerning the additional and subtraction of the Crypto Assets that can be requested along the way.

The Legal Comparison of the Cryptocurrency Trading Regulatory Enforcement in Indonesia and Japan: Extended Views to Support Fundamental Values

Japan is the first country in Asia to implement regulations associated with the use of Bitcoin. This is based on fiscal 2015, where Domestic Bitcoin transactions made through Bitcoin exchanges are increasing rapidly to over 180 billion yen¹⁸ and for ease of the use of virtual currency, payment service agency or FSA take steps to broaden the scope of the company's operating license finance and further increase equity investment through the Bank in stages of

¹⁷ Systems, "Program on International Financial Systems A Review of Cryptoasset Market Structure and Regulation in the United States."

¹⁸ FSB, "The Financial Stability Implications of Multifunction Crypto-Asset Intermediaries," 2023.

development of companies engaged in IT in accordance with article 16 and 52-23 amendments to the law on Banking or The Bank Act.¹⁹

In June 2015, following the leaders' declaration at the G7 Summit (The Group of Seven) at Schloss Elmau, The next Financial Action Task Force referred to as ("FATF") issued guidelines requiring the exchange of any virtual currency to be registered and/or certified, and to comply with regulations on money laundering and terrorist financing, including customer identification obligations.¹²⁸ Furthermore, March 2016, FSA announced to change the payment services law or The Payment Service Act hereinafter referred to as ("PSA")²⁰ and the law concerning the prevention of the transfer of the proceeds of a criminal act or The Prevention of Transfer of Criminal Proceeds hereinafter referred to as ("PTCP") for set the virtual currency and submitted to the Diet.²¹

Japan now boasts the world's most advanced regulatory atmosphere for cryptocurrencies, and the Payment Services Act recognizes Bitcoin and other digital currencies as legal property (PSA).²² According to such legislation, crypto exchanges in Japan must be registered and adhere to standard Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) responsibilities. Japan is the world's largest market for Bitcoin, and the National Tax Agency determined in December 2017 that profits on Japanese cryptocurrencies should be classified as 'miscellaneous income,' with investors taxed accordingly.²³

Recent rules include changes to the PSA and the Financial Instruments and Exchange Act (FIEA),²⁴ all of which went into effect in May 2020. The modifications change the term "*virtual currency*" to "*crypto-asset*," impose stricter limits on managing users' virtual money, and tighten regulation of

¹⁹ The Law Firm Network, "The Comparative Guide on Cryptocurrency Legislations & Guidelines" (Zurich, 2022).

²⁰ Act No. 59, 2009, "Payment Services Act," <https://www.japaneselawtranslation.go.jp/en/laws/view/3078/en>

²¹ Yasutake Okano, "Virtual Currencies: Issues Remain after Payment Services Act Amended," vol. 243, 2016.

²² FSB, "The Financial Stability Implications of Multifunction Crypto-Asset Intermediaries."

²³ Ken Kawai et al., "Revisions to Payment Services Act Provisions, Etc. on Crypto Assets" (Tokyo, 2019), https://www.amt-law.com/asset/pdf/bulletins2_pdf/190523.pdf. See also Asmarani Ramli, et al. "The Importance of Non-Conviction Based (NCB) Regulations for Asset Confiscation in Illegal Investment." *Journal of Law and Legal Reform* 5, no. 1 (2024): 1-26.

²⁴ Act No. 25 of 1948, "Financial Instruments and Exchange Act" (1948).

crypto derivatives trading.²⁵ According to the new legislation, cryptocurrency custody service providers in Japan (those that do not sell or buy crypto assets) are subject to the PSA that is enforced by the Japanese Virtual Currency Asset and Exchange Association (JVCEA) is responsible for approving token listings for crypto exchanges., whilst cryptocurrency derivatives enterprises are subject to the FIEA.²⁶ The Act on Prevention of Transfer of Criminal Proceeds (APTCP) establishes AML standards for crypto assets, which are implemented by Japan's financial intelligence unit (FIU), the Japan Financial Intelligence Center (JAFIC).²⁷

While it is true that Japan does allow cryptocurrency as legal tender, we will only focus on their views on cryptocurrency as commodities or trading instruments or “security tokens”.²⁸ While exchanges are allowed in Japan, crypto laws have become a national priority after a succession of high-profile breaches, including the \$530 million digital currency robbery known as the Coin check heist.²⁹ The Financial Services Agency (FSA) of Japan has increased its efforts to enforce trading and exchanges. Amendments to the PSA now necessitate cryptocurrency trading to sign up with the FSA in order to operate – a process that can take up to six months and enforces stricter cybersecurity and AML/CFT requirements.³⁰ Exchange-based rules in Japan are largely geared at safeguarding market integrity, and users, investors, and exchanges must adhere to specific record-keeping standards and submit an annual report to the Financial Services Agency (FSA). Following revisions in 2016 and 2019, this requirement was expanded to incorporate client identity checks and to include custodial services providers.³¹

²⁵ Zaer Qaroush, Shadi Zakarneh, and Ammar Dawabsheh, “Cryptocurrencies Advantages and Disadvantages: A Review,” *International Journal of Applied Sciences and Smart Technologies* 4, no. 1 (2022): 1–20.

²⁶ Accounting Standard Board of Japan, “Under the Payment Services Act Main Proposals Scope” (Tokyo, 2018), https://www.asb.or.jp/en/wp-content/uploads/2018-0315_2_e.pdf.

²⁷ FATF, “FATF Recommendations,” accessed September 30, 2023, <https://www.fatf-gafi.org/en/home.html>.

²⁸ A Greenberg, “Crypto Currency,” <http://www.forbes.com/forbes/2011/0509/technology-psiloycbin-bitcoins-gavin-andresen-Crypto-currency.html>

²⁹ Tomás N Rotta and Edemilson Paraná, “Bitcoin as a Digital Commodity,” *New Political Economy* 27, no. 6 (2022): 1046–61, <https://doi.org/10.1080/13563467.2022.2054966>.

³⁰ Kawai et al., “Revisions to Payment Services Act Provisions, Etc. on Crypto Assets.”

³¹ Library, “Regulation of Cryptocurrency Around the World: November 2021 Update.”

Virtual Asset Service Providers (VASP) that provide exchange services are required by the APTCP to undertake strict KYC (Know-Your-Customer) checks and keep track of questionable transactions.³² These include:

6. Ascertaining the nature of performing transactions by verifying the identification data of customers (KYC), as well as an individual who retains substantial control over the client in question's business.
7. Maintain verification and transaction records by creating, keeping, and updating them.
8. Keep the records for at least seven years.
9. Any suspicious transaction must be reported to the appropriate authority (and any transaction above 30 million JPY (209,000 GBP), in crypto or fiat, must be notified to the Ministry of Finance following the Foreign Exchange and Foreign Trade Act).

In May 2019, the FSA amended two long-standing financial rules – the Payment Services Act (PSA) to better address the regulation of crypto assets in Japan and their safe absorption into the larger financial system. These changes have been in effect since May 2020.³³ In this section, the authors will discuss the regulations within the Payment Services Act.

Firstly, The Japan crypto asset regulation the PSA has changed the term ‘Virtual Currency’ in reference to cryptocurrencies to ‘Crypto Asset’, mirroring the use of the term crypto-assets at the G-20. This is now a legal definition. This amendment, however, is not compulsory for implementation by exchanges and the media.³⁴ Secondly, VASPs (Virtual Asset Service Providers) that offer custodian services must bear the same level of accountability for the risks as VASPs offering exchange services (i.e., loss of customers’ crypto assets and AML/CFT. Therefore, custodians must now register with the Japan Financial Services Agency (FSA). Thirdly after April 2020, exchanges operating in Japan must segregate customers’ funds separately from their own. Exchanges thus need to find a 3rd-party entity to custody users’ cash and crypto assets (a trust or the same legal entity).³⁵

³² Rickard Grassman et al., “Attitudes to Cryptocurrencies : A Comparative Study Between Sweden and Japan,” *The Review of Socionetwork Strategies* 15, no. 1 (2021): 169–94, <https://doi.org/10.1007/s12626-021-00069-6>.

³³ Fujiki, “Journal of The Japanese and International Economies Who Adopts Crypto Assets in Japan? Evidence from the 2019 Financial Literacy Survey.”

³⁴ Grassman et al., “Attitudes to Cryptocurrencies: A Comparative Study Between Sweden and Japan.”

³⁵ Timothy Chan, “The Nature of Property in Cryptoassets,” *Legal Studies* 43, no. 3 (2023): 480–498, <https://doi.org/10.1017/lst.2022.53>.

According to the amendments to the Payment Services Act, “reliable methods” must be used to manage customers’ funds (i.e., cold wallets). If not in the form of segregated cold wallets – crypto asset exchanges must hold “the same kind and the same quantities of crypto assets” as the customers’ crypto assets if they are held in hot wallets. This will ensure exchanges reimburse customers in the case of stolen crypto assets.³⁶

After April 2020, crypto asset-based derivatives transactions shall be regulated under the FIEA. The FIEA does not specify margin rates in relation to leverage. However, the Japan Virtual Currency Exchange Association (JVCEA) – an association of VASPs that seeks to be ‘self-regulatory’ – has a guideline that proposes to restrict margin rates by 4X or less (a guideline made with conservative requirements bearing in mind that ~80% of crypto trades comes from derivatives based on futures, options and leveraged margin trading).³⁷

The Japan FIEA regulation prohibits individuals/legal entities from partaking in certain activities with crypto assets; disseminating of false rumors and using fraudulent means of selling/purchasing/engaging in any transaction (including derivatives).³⁸ Potential breaches of regulations under the Japanese crypto asset regulation FIEA are:

1. engaging in fraudulent sales/purchases;
2. engaging in collusive sales/purchases;
3. custody/accepting the custody of fraudulent sales/purchases or collusive sales/purchases;
4. engaging in market manipulation via ‘real’ sales/purchases (i.e. cartels);
or
5. engaging in market manipulation via ‘perceived’ representations.

In this section of the Article, the authors will directly compare the cryptocurrency laws and regulations. While most of the general ideas have already been established above, the table below will provide a more digestible information layout and a clearer view of the deviation between asset and currency.

³⁶ Kawai et al., “Revisions to Payment Services Act Provisions, Etc. on Crypto Assets.”

³⁷ Accounting Standard Board of Japan, “Under the Payment Services Act Main Proposals Scope.”

³⁸ Apolline Blandin et al., “Global Cryptoasset Regulatory Landscape Study,” *Judge Business School University of Cambridge*, 2019, <https://doi.org/10.2139/ssrn.3379219>.

TABLE 3. Legal Comparison

Comparison Basis	Indonesia	Japan
Authorizing Body	BAPPEBTI Crypto Asset Trading can only be facilitated by Futures Exchange that has obtained approval from the Head of BAPPEBTI.	Financial Services Agency JVCEA is responsible for approving token listings for crypto exchanges. Business operators who engage in buying, selling, or exchanging crypto assets, or in the management of such assets for the benefits of others are required to undergo registration as a provider of Crypto Asset Exchange services.
Crypto Classification	is not considered to be legal tender. Crypto assets are intangible commodities in the form of digital assets, using cryptography, peer-to-peer networks, and distributed ledgers for the creation of new units, verifying transactions, and securing transactions without interference from other parties.	property value (limited to that which is recorded on an electronic device or any other object by electronic means, and excluding the Japanese currency, foreign currencies, and Currency-Denominated Assets; the same applies in the following item) which can be used in relation to unspecified persons for the purpose of paying consideration for the purchase or leasing of goods or the receipt of provision of services and can also be purchased from and sold to unspecified persons acting as counterparties, and which can be transferred by means of an electronic data processing system; and property value which can be mutually exchanged with what is set forth in the preceding item with unspecified persons acting as counterparties, and which can be transferred by means of an

Comparison Basis	Indonesia	Japan
Licensing Requirements	<p>The crypto exchange business activity falls under KBLI No. 66153 (Commodity Physical Trader). However, BAPPEBTI highly recommends that businesses also add KBLI No. 63122 (Web portal and/or Digital Platform with commercial Purposes) to their business license due to a need a digital platform. So, in short, the three main licenses to engage in crypto exchanges are Crypto Asset Physical Trader license from the BAPPEBTI for</p>	<p>electronic data processing system. The Crypto asset is neither treated with money nor equated to fiat currency. No crypto asset is supported by the Japanese government or the Central Bank of Japan. “Security tokens” which represent shares, bonds, or fund interest in tokens are regulated under the Financial Instruments and Exchange Act as electronically recorded transferable rights to be indicated on securities, etc. The Payment Services Act has applied to all cryptocurrency exchanges operating in Japan. Crypto exchanges must register with the JFSA for an operating license, provide customer due diligence procedures, keep records,³⁹ improve their security, and perform other duties to ensure that the assets of their customers are secure.</p>

³⁹ SME Japan, “License For Virtual Currency Exchange Services,” [https://www.smejapan.com/japan-business-guides/company-incorporation-summary/business-licenses-in-japan/license-for-virtual-currency-exchange-services/#:~:text=The%20most%20important%20thing%20to,do%20not%20require%20Banking%20License,2022,https://www.smejapan.com/japan-business-guides/company-incorporation-summary/business-licenses-in-japan/license-for-virtual-currency-exchange-services/#:~:text=The most important thing to,do not require Banking License.](https://www.smejapan.com/japan-business-guides/company-incorporation-summary/business-licenses-in-japan/license-for-virtual-currency-exchange-services/#:~:text=The%20most%20important%20thing%20to,do%20not%20require%20Banking%20License,2022,https://www.smejapan.com/japan-business-guides/company-incorporation-summary/business-licenses-in-japan/license-for-virtual-currency-exchange-services/#:~:text=The%20most%20important%20thing%20to,do%20not%20require%20Banking%20License.)

Comparison Basis	Indonesia	Japan
Legal Protection	<p>KBLI no. 66153, Electronic Service provider registration from the Ministry of Communication and Informatics, and a business license for the provider of commerce through the electronic system from the Ministry of Trade for KBLI No. 63122. Additionally, to obtain a Crypto Asset Physical Trader approval from BAPPEBTI, as stipulated in BAPPEBTI regulation No.5/2019.</p>	<p>a. A CAESP must manage users' crypto assets and its own crypto assets in its own crypto assets in separate wallets.</p> <p>b. A CAESP must manage at least 95% of user's crypto assets in wallets that are not connected to the internet.</p> <p>c. A CAESP that manages less than 5% of its users' crypto assets in a wallet other than cold wallets must manage the same type and amount of its own crypto assets (Redemption Guarantee Crypto Assets) in a cold wallet to protect its users against the leakages of crypto assets from hot wallets.</p> <p>d. Users will have preference rights to repayment over the segregated Crypto Assets and Redemption Guarantee Crypto Assets. Such priority</p>

Comparison Basis	Indonesia	Japan
	<p>e. At the time of initial submission of application have a paid-up capital of at least Rp.500,000,000.00 (five hundred billion rupiah) no later than 2 (two) months after obtaining a business license as a Futures Exchange specifically to facilitate trading of Crypto Assets; maintain equity of at least 80% (eighty percent) of the paid-up capital as referred to in paragraph (2) letter a; Has at least 1 (one) employee who is certified as Certified Information Systems Auditor (CISA) and 1 (one) employee is certified as Certified Information Systems Security Professional (CISSP), or collaborate with local institutions that have experts or work directly with certified experts who are Certified Information Systems Auditor (CISA) and Certified Information Systems Security Professional (CISSP) in the context of monitoring.</p>	<p>security interest is specifically stipulated under the PSA.</p> <p>e. CAESPs are required to take such measures as necessary to ensure the security of important information, such as personal information and information on private.</p>

The main point to keep in mind is that virtual currencies, often known as cryptocurrencies, are not subject to any financial licensing in Japan and Indonesian because they are not technically: neither Domestic nor foreign currencies, however in Japan, securities do not require a banking license or a

securities trading license under the Financial Instruments and Exchange Act (FIEA).⁴⁰ Meaning that lending or transferring virtual currencies is different from doing the same with real-world financial assets.⁴¹ However, employing virtual currencies for lending or remittances comes under the lending and remittance business categories. Licenses are needed for these activities.

It implies that a Japanese business can just lend money in cryptocurrency and not require a license. However, a consumer cannot convert their bitcoin loans into fiat loans inside the same firm if the same company does not offer simultaneous exchange services. A banking company cannot collaborate with a cryptocurrency exchange for the same reason.⁴²

From Table 3, we can see that while Indonesia has developed and improved its law recently making it quite similar principles and regulations of Japan, however, there are two discernible differences that the authors would like to point out. Firstly, the discernible difference is the advertising and solicitation of exchanges, while Indonesia is silent in this regard, Japan clearly prohibits the advertising of the functions of these sites providing false and misleading representations as well as promotion for the sole purpose of profit. Secondly, is the safety of the users' assets that are being withheld by exchanges. Indonesia's policy regarding this issue is that 70% offline or cold storage, and a maximum of 30% online or hot storage.⁴³ Essentially, this regulation is made because of crypto exchanges having a history of cyber-attacks and them still happening between many exchanges. These cyber-attacks happen to steal the assets or crypto that is stored within these exchanges as they are mostly being stored online or within cold wallets, or they are constantly being exchanged between users within the exchanges themselves.

Exchanges often keep access to some of their cryptocurrencies in so-called cold wallets, which live safely offline. The rest of it is in "hot wallets," that are liquid and can be sent to users. That means that if a hacker can gain access to a particular employee account — a common security breach on the internet they can steal the users' and company's assets very easily. In other words, any crypto exchange is a centralized single point of failure, vulnerable by design. As a

⁴⁰ Act No. 25 of 1948, Financial Instruments and Exchange Act.

⁴¹ Casey Watters, "Digital Gold or Digital Security? Unravelling the Legal Fabric of Decentralised Digital Assets," *MDPI Commodities* 2 (2023): 355–66, <https://doi.org/https://doi.org/10.3390/commodities2040020>.

⁴² Reilly White et al., "Is Bitcoin a Currency, a Technology-Based Product, or Something Else?," *Technological Forecasting and Social Change* 151 (2020): 119877, <https://doi.org/https://doi.org/10.1016/j.techfore.2019.119877>.

⁴³ Fujiki, "Journal of The Japanese and International Economies Who Adopts Crypto Assets in Japan? Evidence from the 2019 Financial Literacy Survey."

centralized web application with functions to execute transactions and one or a few big crypto wallets inside, exchanges are prone to the same security problems as all other websites.⁴⁴

Thus, if a cyber-attack occurs in an exchange based in Indonesia, they are potentially subject to losing 30% of their users' assets. While if this event happens, the law does state that it is insured, it is unclear as to how this system would be enforced or as to what extent this insurance will be given.⁴⁵

However, if we look at the Japanese view on this, they only allow exchanges of up to 5% of their assets in hot wallets or online storages. Thus, leaving the potential risk of an online breach only leaving a potential loss of 5% of users' assets.⁴⁶ This potential loss of assets however is also backed up by a regulation saying that a company that maintains less than 5% of its customers' crypto assets in a hot wallet must handle the same type and amount of its own crypto assets in a cold wallet to protect its users against the leakages of crypto assets from hot wallets, presenting something called a Redemption Guarantee Crypto Assets. Repayment of such loss can also be determined by the user as they have preference rights over the lost assets.⁴⁷

It's important to note that while there are differences between Indonesia's and Japan's regulations, holistically, Indonesia has made a big step forward with the enactment of BAPPEBTI's Regulation No. 8 of 2021 concerning "Technical Provision for the Implementation of the Physical Market for Crypto Asset in the Futures Exchange" as it addresses most of the void areas previously unregulated and is very similar to one of the countries in the forefront of crypto regulations. However, in regards to the difference in the amount of user assets safety, the authors believe and hope that in the future the safety of the users in trading crypto assets and a clearer insurance policy will be implemented before a big incident occurs.

We deduce firstly that Japan's classification of crypto currency is more fleshed out than Indonesia's mainly due to their realization of certain crypto

⁴⁴ ESRB Task Force on Crypto-Assets and Decentralised Finance, "Crypto-Assets and Decentralised Finance," 2023.

⁴⁵ Anderson and Tomotsune Mōri, "Blockchain & Cryptocurrency Laws and Regulations," <https://www.globallegalinsights.com/practice-areas/blockchain-laws-and-regulations/japan>, n.d., <https://www.globallegalinsights.com/practice-areas/blockchain-laws-and-regulations/japan>.

⁴⁶ Gazi Salah, Uddin Mustafa, and Raza Rabbani, *Do Commodity Assets Hedge Uncertainties? What We Learn from the Recent Turbulence Period?*, *Annals of Operations Research* (Springer US, 2022), <https://doi.org/10.1007/s10479-022-04876-0>.

⁴⁷ Allison M. Lovell, "Avoiding Liability: Changing the Regulatory Structure of Cryptocurrencies to Better Ensure Legal Use," *Iowa Law Review* 104, no. 2 (2019): 927–55.

assets having different uses and functions. For example the differentiation between “stablecoins” and “security tokens. This differentiation allows them to create even more specific regulations as “stablecoins” are used as a means of payment in fund remittance transactions, allowing them in a way to be used in a manner like normal currency.

Second to our desire, at the juncture of the development, we can see that Indonesia have not accommodated the concerns of global policies in the fundamental lever, but only providing temporal regulations while evading the hard effort to bring out a clear regulation from this particular matter. Even though the doubt on cryptocurrency is understandable, the protection on various parties involved is a different realm of issues and needs an urgent attention from the Government.

Overall, the Regulatory of Crypto Assets Trading in Indonesia has indeed been developing. Through the laws, we can see that Indonesia is trying to cover all possibilities concerning Crypto Assets Trading through its amendments and enactment of other supporting laws. This is due to the surge of Cryptocurrency Users in Indonesia, which finally pushes the obligation of the Indonesian Government to formulate and enact laws regulating the Cryptocurrency trading to ensure legal certainty in Indonesia. The Government has also noticed the possible opportunities that the Crypto Trading market could further offer to the State’s Economy.

Despite that, there is always a room for improvement for Indonesia and Japan. Reflected through the enacted laws – it seems that the regulatory is lacking on small details and currently lacking the mechanism of the subjected details. Arraying from taxation, insurance, customer protection and anti-money laundering.

Conclusion

Based on the explanation in the previous chapter, it can be concluded that, first, Indonesia has vastly improved its Cryptocurrency regulations with BAPPEBTI’s Regulation No. 8 of 2021. We can see the improvement with the implementation of (a) licensing requirements; (b) rights and obligations; and (c) the responsibilities of key players involved in the physical crypto-asset market, such as futures exchanges, crypto asset traders, futures clearing agencies, and crypto-asset storage providers. Second, Indonesia’s regulations almost mirror itself with Japan’s behavior towards crypto, with differences only arising in the specific percentages of storage, equity, and infrastructure. Although it is quite apparent that Indonesia’s standards of operations regarding crypto are not

as tight as those of Japan's especially in regards to consumer protection, it may be due to them wanting to facilitate more people entering the crypto market.

The authors suggest for Indonesia's Lawmakers regarding customer safety, it may be wise for them to tighten up regulations regarding exchanges in the future to make them safer for data protection, as Indonesia has not enacted a data protection regulation that would apply to data generally, as the closest is Law No.11 of 2008 regarding Electronic Information and Transactions, as amended by Law No.19 of 2016 that only extends to personal data in an electric system which can potentially not include electric information once it is printed in hard copy. Additionally, an improvement in consumer assets insurance would hopefully be delved more upon on upcoming laws.

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*Bitcoin is a tool for freeing
humanity from oligarchs and
tyrants, dressed up as a get-rich-
quick scheme.*

Naval Ravikant, former CEO of AngelList

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